

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION,
STATE OF LOUISIANA
Napoleonville, Louisiana**

FINANCIAL STATEMENTS

Year ended July 31, 2011

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **FEB 29 2012**

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**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION,
STATE OF LOUISIANA
Napoleonville, Louisiana**

FINANCIAL STATEMENTS

Year ended July 31, 2011

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INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners
Waterworks District No. 1 of the
Parish of Assumption, State of Louisiana
Napoleonville, Louisiana

We have audited the accompanying financial statements of the business-type activities and the major fund of Waterworks District No. 1 of the Parish of Assumption, State of Louisiana (the District), a component unit of the Assumption Parish Police Jury, as of and for the year ended July 31, 2011, which comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement position. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Waterworks District No. 1 of the Parish of Assumption, State of Louisiana, as of July 31, 2011, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 28, 2011 on our consideration of Waterworks District No. 1 of the Parish of Assumption's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 8, and Other Supplemental Information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We

have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that comprise the District's basic financial statements as a whole. The accompanying financial information listed as "Schedules" in the table of contents is presented for the purposes of additional analysis and is not a required part of the basic financial statements of the Waterworks District No. 1 of the Parish of Assumption, State of Louisiana, a component unit of the Assumption Parish Police Jury. Such information, except for the Schedule of Metered Water Customers marked "unaudited", on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the financial statements in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Wagunpach + Gallagher, LLC
December 28, 2011

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
July 31, 2011**

Our discussion and analysis of the financial performance of the Assumption Parish Waterworks District No. 1 (the District) provides an overview of the District's financial activities for the fiscal year that ended July 31, 2011. Please read it in conjunction with the financial statements.

FINANCIAL HIGHLIGHTS

- The District's net assets increased by 506,269 or 3.4 percent.
- The District's total revenues were \$3,900,868 for an increase of 1.3 percent.
- During the fiscal year ending July 31, 2011, the District had total expenses, excluding depreciation, of \$2,796,573 for an increase of 1.7 percent.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and other supplementary information. The basic financial statements include enterprise fund financial statements (government-wide) that provide both long-term and short-term information about the District's overall financial status.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of other supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

Figure A-1 summarizes the major features of the District's financial statements, including the portion of the District's government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure of contents of the statements.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

MANAGEMENT'S DISCUSSION AND ANALYSIS
July 31, 2011

Figure A-1	
Major Features of the Assumption Parish Waterworks District No. 1 Financial Statements	
	Financial Statements
	Enterprise Fund Statements (Government-wide)
Scope	Entire government
Required financial statements	Statement of net assets Statement of revenues, expenses and changes in net assets Statements of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus
Type of assets / liability information	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow / outflow information	All revenues and expenses during year, regardless of when cash is received or paid

Enterprise Fund Financial Statements (Government-wide)

The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets provide information in a way that shows the change in the District's financial condition resulting from the current year's activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most businesses. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net assets and the change in them. Net assets – the difference between assets (what the District owns) and liabilities (what the District owes) is a way to measure the financial position of the District. Over time, increases or decreases in the District's net assets are an indicator of whether the District's financial position is improving or deteriorating.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
July 31, 2011**

The Statement of Cash Flows provides information on the changes in cash during the year. This statement reports the net cash provided or used by operating activities, capital and related financing activities, and investing activities.

FINANCIAL ANALYSIS OF THE ASSUMPTION PARISH WATERWORKS DISTRICT NO. 1

Net Assets. The District's net assets increased between fiscal years 2010 and 2011 to approximately \$15,350,436. (See Table A-1).

Table A-1		
Assumption Parish Waterworks District No. 1 Net Assets		
	Business Type Activities	
	2011	2010
Current and Other Assets	\$ 3,521,656	\$ 3,153,621
Capital Assets	14,995,971	15,085,046
Unamortized Debt Issue Costs	25,078	27,478
Total Assets	\$ 18,542,705	\$ 18,266,145
Accounts Payable and Accrued Expenses	477,609	374,129
Customer Deposits	254,660	237,849
Revenue Bonds Payable	2,460,000	2,810,000
Total Liabilities	\$ 3,192,269	\$ 3,421,978
Net Assets		
Invested in Capital Assets, net of related debt	12,535,971	12,275,046
Restricted for Revenue Bond Debt Service	398,677	290,948
Unrestricted	2,415,788	2,278,173
Total Net Assets	\$ 15,350,436	\$ 14,844,167

Net assets of the District's business type activities increased 3.4 percent to approximately \$15,350,436

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
July 31, 2011**

Changes in net assets. The District's total revenues increased by 1.3 percent to \$3,900,868. (See Table A-2). This increase is due to more accurate readings after new meter installations.

The cost of the total operating expenses increased by \$101,378 or 3.2 percent, primarily due to increase in staffing costs.

Table A-2		
Changes in Assumption Parish Waterworks District No. 1 Net Assets		
	Business Type Activities	
	2011	2010
Operating Revenues		
Water Sales	\$ 3,457,942	\$ 3,261,747
Other Water Service Charge	171,712	156,240
Delinquent Charges	133,742	115,192
Billing & Collection fees	116,717	116,967
Total Operating Revenues	\$ 3,880,113	\$ 3,650,146
Non Operating Revenues		
Interest	\$ 4,727	\$ 5,173
Federal Grant	-	60,447
State Grant	-	135,714
Other Income	16,028	718
Total Non Operating Revenues	\$ 20,755	\$ 202,052
Total Revenues	\$ 3,900,868	\$ 3,852,198
Expenses		
Operating Expenses	\$ 3,291,063	\$ 3,189,685
Non Operating Expenses (Interest expense & debt costs)	103,536	117,025
Total Expenses	\$ 3,394,599	\$ 3,306,710
Changes - Increase or (Decrease) in net assets	\$ 506,269	\$ 545,488

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
July 31, 2011**

FINANCIAL ANALYSIS OF THE FUNDS

As the District completed the year, its enterprise fund reported total assets of \$18,542,705, which is an increase from last year of approximately \$276,560.

Budgetary Highlights

The District did not revise its budget for year ending July 31, 2011.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of July 31, 2011, the District had invested \$14,995,971 in capital assets. (See Table A-3).

Table A-3 Assumption Parish Waterworks District No. 1 Capital Assets (net of depreciation)		
	Business Type Activities	
	2011	2010
Land and Right of Way	\$ 170,672	\$ 170,672
Power Pumping & Purification Structures & Equipment	9,634,783	8,855,189
Transmission & Distribution Mains & Accessories	19,036,364	18,908,148
Transportation, office and other equipment	560,989	497,839
Construction in progress	572,102	1,034,111
Accumulated Depreciation	(14,978,939)	(14,380,913)
Total Net Capital Assets	\$ 14,995,971	\$ 15,085,046

Debt

As of July 31, 2011, the District had \$2,460,000 in revenue bonds payable outstanding. The District is meeting all of its fund transfer requirements as set out in the bond resolutions. Additional information about the District's debt is presented in Note F – Long-Term Obligations – in the Notes to Financial Statements.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
July 31, 2011**

ECONOMIC FACTORS AND NEXT YEARS BUDGETS AND RATES

The District normally gets all of its revenues from water sales and services provided. Revenues from water sales and services provided in fiscal year ended July 2011 stayed consistent with fiscal year ended July 2010. The fiscal year July 2012 budget has revenue from water sales budgeted of approximately \$3,719,000, an increase of approximately \$224,040 over fiscal year ended July 2011 actual sales. The economy is not expected to generate any significant growth. Therefore, the District's enterprise fund future revenues are expected to only increase approximately 6.41 percent due to water rate increases.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Bernard J. Francis, Jr., General Manager, 4633 LA Hwy 1, P.O. Drawer 575, Napoleonville, Louisiana 70390.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Exhibit A

**STATEMENT OF NET ASSETS
July 31, 2011**

ASSETS

Cash	\$ 392,428
Investments	2,260,766
Receivables:	
Billed water charges, net of \$18,966 for an allowance for doubtful accounts	243,264
Unbilled water charges	164,882
Other receivables	4,215
Inventory of supplies	122,570
Prepaid expenses	34,854
Restricted assets-debt service:	
Investments	298,677
Capital assets, net	14,995,971
Unamortized debt issue costs	<u>25,078</u>
Total assets	<u><u>\$ 18,542,705</u></u>

The accompanying notes are an integral part of these financial statements.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Exhibit A

**STATEMENT OF NET ASSETS
July 31, 2011**

LIABILITIES

Liabilities:

Accounts payable	\$ 34,993
Accrued wages payable	43,347
Accrued vacation payable	29,149
OPEB Liability	345,566
Payable from restricted assets:	
Certificates of indebtedness	365,000
Interest payable	24,554
Customers' deposits	254,660
Certificates of indebtedness payable	<u>2,095,000</u>
Total liabilities	<u>3,192,269</u>

NET ASSETS

Invested in capital assets, net of related debt	12,535,971
Restricted for revenue bond debt service and contingencies	298,677
Unrestricted	<u>2,515,788</u>
Total Net Assets	<u><u>\$ 15,350,436</u></u>

The accompanying notes are an integral part of these financial statements.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Exhibit B

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
July 31, 2011**

Operating Revenues:

Revenues from sales and service charges:

Water sales	\$ 3,457,942
Other water service charges	171,712
Delinquent charges	133,742
Solid waste, garbage, and sewerage collection fees	<u>116,717</u>

Total operating revenues	<u>3,880,113</u>
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Operating expenses:

Waterworks system expenses	1,306,759
Office, general and administrative expense	1,386,278
Depreciation	<u>598,026</u>

Total operating expenses	<u>3,291,063</u>
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Operating Income	<u>589,050</u>
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Nonoperating revenues (expenses):

Interest income	4,727
Other income	16,028
Interest expense	(101,136)
Amortization of debt issue costs	<u>(2,400)</u>

Total nonoperating revenues (expenses)	<u>(82,781)</u>
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Change in Net Assets	506,269
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Net Assets - Beginning	<u>14,844,167</u>
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Net Assets - Ending	<u><u>\$ 15,350,436</u></u>
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The accompanying notes are an integral part of these financial statements.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Exhibit C

STATEMENT OF CASH FLOWS

July 31, 2011

Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 3,949,190
Cash Payments to Suppliers for Goods & Services	(1,730,556)
Cash Payments to Employees	(862,777)
Cash Received from Deposits	16,811
Net Cash Provided by Operating Activities	<u>1,372,668</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition and Construction of Capital Assets	(508,951)
Principal Paid on Revenue Bonds	(350,000)
Interest paid on Revenue Bonds	(104,610)
Other Non-operating Revenues	16,030
Net Cash Used for Capital and Related Financing Activities	<u>(947,531)</u>
Cash Flows from Investing Activities:	
Interest Earned on Investments	1,101
Transfers to Investment Accounts	(180,391)
Net Cash Used for Investing Activities	<u>(179,290)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	245,847
Cash and Cash Equivalents at Beginning of Year	<u>146,581</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 392,428</u></u>

Reconciliation of Income from Operations to Net Cash Provided by Operating Activities

Income from Operations	\$ 589,050
Adjustments to Reconcile Income from Operations to Net Cash Provided by Operating Activities:	
Depreciation	598,026
Change in Operating Assets & Liabilities	
Accounts Receivable	69,077
Inventory of Supplies	(647)
Prepaid Expenses	(6,601)
Customer Deposits	16,811
Accounts Payable	(80,863)
OPEB Liability	175,310
Other Accrued Expenses	12,505
Net Cash Provided by Operating Activities	<u>1,372,668</u>
Reconciliation of Total Cash and Cash Equivalents	
Total Cash and Cash Equivalents	<u><u>\$ 392,428</u></u>

The accompanying notes are an integral part of these financial statements.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
July 31, 2011**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

On July 10, 1956, in accordance with the provisions of Chapter 8 of Title 33 of the Louisiana Revised Statutes of 1950, the Police Jury of the Parish of Assumption created the Waterworks District No. 1 of the Parish of Assumption, State of Louisiana (hereinafter referred to as the District). The District as created by the Police Jury encompasses the identical area as the Parish of Assumption.

Basis of Presentation The accompanying basic financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

This financial report has been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued in June 1999. The following is a summary of the District's significant policies:

Reporting Entity As the governing authority of the parish, for reporting purposes, the Assumption Parish Police Jury is the financial reporting entity for Assumption Parish. The financial reporting entity consists of (a) the primary government (Assumption Parish Police Jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Assumption Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criterion includes:

- Appointing a voting majority of an organization's governing body, and the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the police jury.
- Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
- Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Even though the District is legally separate from the police jury, the Assumption Parish Police Jury appoints a majority of the district's governing body, and the Police Jury has the ability to impose its will on the district. The District also has the potential to provide specific benefits to, or impose specific financial burdens on the police jury. Because of these reasons, the management of the district's office has determined that the District is a component unit of the Assumption Parish Police Jury.

Measurement Focus/Basis of Accounting The enterprise fund statements (government-wide) were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB No. 33, *Accounting and Financial Reporting for Non-exchange transactions*.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
July 31, 2011**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operation. The operating revenues of the District are water sales, connections and reconnection fees, late charges, and other miscellaneous operating revenues. Operating expenses for enterprise funds include the costs of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Cash and Cash Equivalents All highly liquid investments (including restricted assets) with a maturity of three months or less are considered to be cash and cash equivalents for purposes of reporting cash flows.

Inventory The District values its inventory of supplies at the lower of cost or market using the first-in, first-out method.

Capital Assets All capital assets are capitalized in the enterprise fund and stated at historical cost less accumulated depreciation.

Depreciation of all exhaustible capital assets used by the enterprise fund is charged as an expense against its operations. Depreciation has been provided over the estimated useful lives using the straight-line method (see Note C).

Long-Term Liabilities Long-term debt such as revenue bonds payable is reported as liabilities on the statement of net assets.

Contributions for Meters Contributions received from customers for new meter services are treated as income. The cost of installing new meter services are expensed in the year incurred.

Vacation and Sick Leave The District's employees earn one to five weeks vacation annually based on number of years of employment. Employees can accumulate a maximum of 40 hours of unused vacation which can be carried forward and taken in subsequent periods. Upon termination, employees are paid for any unused current year and any accumulated vacation hours. Employees are allowed ten days of sick leave annually that may be used for sickness only. The sick leave plan is coupled with a disability insurance policy.

Estimates The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, disclosures, and revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B – FLOW OF FUNDS – RESTRICTIONS ON USE

Under the terms of the 2006 Certificates of Indebtedness (see note F) dated November 29, 2006, the certificates shall be secured by and payable solely from a pledge and dedication of the excess of annual revenues of Assumption Parish Waterworks District No. 1 above statutory, necessary and usual charges in each of the fiscal years. The agreement also requires that until the Certificates have been paid in full in principal and interest, the District must budget annually a sum of money sufficient to pay the principal and interest on the Certificates.

For the payment of the principal and the interest on the Certificates and any additional parity certificates of indebtedness, there is hereby created a special fund known as "Waterworks District No. 1 of the Parish of Assumption, State of Louisiana, Certificates of Indebtedness, Series 2006 Sinking fund being maintained with the designated fiscal agent bank of the Issuer. The District shall deposit in the Sinking Fund at least one day in advance of the date on which each payment of principal and/or interest on the Certificates fall due, funds fully sufficient to promptly pay principal of and/or interest so falling due on such date. Said fiscal agent bank will make available from the Sinking Fund to the paying Agent funds fully sufficient to pay promptly principal and interest falling due on such date.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

NOTES TO FINANCIAL STATEMENTS

July 31, 2011

NOTE B – FLOW OF FUNDS – RESTRICTIONS ON USE-Continued

On July 17, 1989, the Board of Commissioners of the District created the "Waterworks Utility Revenue Fund – Capital Improvements." Said fund was to receive monies in excess of \$50,000 shown in the annual audit report remaining in the Waterworks Utility Revenue Fund at July 31 of each year after making all required payments into the Sinking, Reserve and Depreciation and Contingency Funds. The excess shall be considered surplus and shall be deposited in this fund. Said fund is to be used by the District for the purpose of retiring outstanding bonds in advance of their maturities, or any other legal purpose determined by the Board to be in the best interest of the District and not in violation of the 2006 Certificate of Indebtedness issue requirements. On October 25, 2004, a resolution was passed by the Board to increase the reserve in the Waterworks Utility Revenue Fund from \$50,000 to \$150,000. The required transfer to the Waterworks Utility Revenue Fund-Capital Improvements fund for the year ended July 31, 2011 is \$985,546.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
July 31, 2011**

NOTE C – CAPITAL ASSETS

A summary of capital assets at July 31, 2011 follows:

	<u>Life in Years</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>	<u>Straight-line Method Depreciation This Year</u>
Land and rights of way	-	\$ 170,672	\$ --	\$ 170,672	\$ -
Power pumping and purification structures and equipment, including main plant building	15-44	9,634,783	3,972,343	5,662,440	218,186
Transmission and distribution mains and accessories	15-44	19,036,364	10,562,225	8,474,139	354,425
Transportation, office and other equipment	5-15	560,989	444,371	116,618	25,415
Construction in progress:					
New transmission lines and other projects	-	572,102	-	572,102	-
Totals		<u>\$ 29,974,910</u>	<u>\$ 14,978,939</u>	<u>\$ 14,995,971</u>	<u>\$ 598,026</u>
		<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>	
Balances at beginning of year		\$ 29,465,959	\$ 14,380,913	\$ 15,085,046	
Additions:					
Land		-	-	-	
Power, pumping and purification		801,695	-	801,695	
Transmission and distribution					
mains and accessories		87,615	-	87,615	
Transportation, office and other					
equipment		81,650	-	81,650	
Construction in progress included					
during year		415,760	-	415,760	
Depreciation expense		-	598,026	(598,026)	
Deletions:					
Construction in progress completed					
during year		(877,769)	-	(877,769)	
Sales and other dispositions of		-	-	-	
Balances at end of year		<u>\$ 29,974,910</u>	<u>\$ 14,978,939</u>	<u>\$ 14,995,971</u>	

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
July 31, 2011**

NOTE C – CAPITAL ASSETS – Continued

Interest incurred in the enterprise fund was \$101,136.

NOTE D – CASH AND CASH EQUIVALENTS

Cash includes demand deposits and interest bearing demand deposits. Under state laws, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any state in the union or the laws of the United States. Further, the District may deposit funds in time deposits or certificated of deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Also, state law requires that deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

At year end, the carrying amount of the District's deposits was \$392,428 and the bank balance was \$697,195. Of the bank balance, \$250,000 was covered by federal depository insurance and \$447,195 was covered by collateral held by the pledging bank's agent in the Bank's name (Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the district that the fiscal agent has failed to pay deposited funds upon demand.

NOTE E - INVESTMENTS

Under state law, the municipality may invest in United States bonds, treasury notes or certificates. These are classified as investments. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a nonprofit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. Investments are stated at cost.

At July 31, 2011, investments of \$2,559,443 are in the Louisiana Asset Management Pool, Inc. (LAMP). In accordance with GASB Codification Section 150.165, the investment in LAMP at July 31, 2011 is not categorized in the three risk categories provided by GASB Codification Section 150.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc., a nonprofit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasury in 1993. The corporation is governed by a board of directors comprising the State Treasurer, representatives from various organizations of local government, the Government Finance Officers Association of Louisiana, and the Society of Louisiana CPA's. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligation in which local governments in Louisiana is authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is approximately 60 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
July 31, 2011**

NOTE F - LONG-TERM OBLIGATIONS

The following is a summary of bond transactions for the year ended July 31, 2011:

	<u>Revenue Bonds</u>
Bonds payable, July 31, 2010	\$ 2,810,000
Bonds issued	-
Bonds retired	<u>(350,000)</u>
Bonds payable, July 31, 2011	<u>\$ 2,460,000</u>

Certificates of Indebtedness payable at July 31, 2011, is comprised of the following individual issues:

\$3,780,000 Waterworks Certificates of Indebtedness dated November 29, 2006 due in annual installments of \$315,000 to 455,000 excluding interest, through November 1, 2016; interest at 3.97%.	<u>\$ 2,460,000</u>
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The annual requirements to amortize all debt outstanding at July 31, 2011, including \$305,296 interest payments, are as follows:

	<u>Revenue Bonds</u>
2012	455,417
2013	460,529
2014	459,947
2015	463,670
2016	<u>925,733</u>
	<u>2,765,296</u>

NOTE G - CONTRIBUTION FROM ASSUMPTION PARISH

On June 10, 1958, the District entered into an agreement with the Parish of Assumption whereby, in order to afford fire protection to the Parish and in order to provide adequate finances for construction of the waterworks system, the Parish agreed to issue \$1,065,000 ad valorem tax bonds to acquire necessary facilities and equipment for fire protection. Of this amount, \$935,000 was pledged to be used for construction of the joint waterworks and fire protection system. The Parish agreed to pay to the District an annual rental of \$30 for each fire hydrant installed within the system. This agreement provides that the system be owned jointly by the Parish and the District. The undivided interest of the Parish in the system is 29.21875% and the undivided interest of the District in the system is 70.78125%. The District agreed to pay the Parish an annual rental of \$4,500 for the facilities of the Parish for a 99 year term beginning in August 1959.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
July 31, 2011**

NOTE H - PENSION PLAN

Substantially all employees of the Assumption Parish Waterworks District No. 1 are members of the Parochial Employees Retirement System of Louisiana (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the District are members of Plan B.

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan B, employees who retire at or after the age of 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2 percent of their final-average monthly salary for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3 percent for each year retirement precedes age 62, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100 percent of final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above, and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issued an annual publicly available financial report that included financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (225) 928-1361.

Under Plan B, members are required by state statute to contribute 3.0 percent of their annual salary and the Assumption Parish Waterworks District No. 1 is required to contribute at an actuarially determined rate. The current rate is 10.0 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Assumption Parish Waterworks District No. 1 are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Assumption Parish Waterworks District's contributions to the System under Plan B for the years ending July 31, 2011, 2010 and 2009, were \$85,535, \$70,317, and \$50,244, respectively, equal to the required contributions for each year.

NOTE I – POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

From an accrual accounting perspective, the cost of postemployment healthcare benefits should be associated with the periods in which the costs occurs, rather than in the future year when it will be paid. In adopting the requirements of GASB Statement No. 45 during the year ended July 31, 2010, the District began to recognize the cost of postemployment healthcare in the year when employees services are received, to report the accumulated liability from prior years, and to provide information useful in assessing potential demands on the District's future cash flows. Because the District adopted the requirements of GASB Statement No. 45 prospectively, recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2010 liability.

Plan Description. Assumption Parish Waterworks' medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement providing they have at least 20 years of service.

Employees are covered by the Parochial Employees' Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 30 years of service at any age; age 55 and 25 years of service; age 60 and 10 years of service; or, age 65 and 7 years of service. For employees hired on and after July 1, 2007 retirement eligibility (D.R.O.P. entry) provisions are as follows: age 55 and 30 years of service; age 62 and 10 years of service; or, age 67 and 7 years of service.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
July 31, 2011**

NOTE 1 – POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS - Continued

Eligibility for Waterworks employees is as follows: age 55 and 30 years of service; age 60 and 10 years of service; or age 65 and 7 years of service. Complete plan provisions are included in the official plan documents.

Contribution Rates. Employees do not contribute to their post employment benefit costs until they become retirees and begin receiving those benefits. The plan provisions and contributions rates are contained in the official plan documents.

Fund Policy. Until fiscal year ending July 31, 2009, Assumption Parish Waterworks recognized the cost of providing post employment medical benefits (Assumption Parish Waterworks' portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post employment benefits on a pay-as-you-go basis. Effective with the fiscal year beginning August 1, 2009, Assumption Parish Waterworks implemented Government Accounting Standards Board Statement Number 45, Accounting and Financial Reporting by Employers for Post employment Other than Pensions (GASB 45). The funding policy is not to fund the ARC except to the extent of the current year's retiree funding costs.

In the fiscal year ending July 31, 2011, Assumption Parish Waterworks' portion of health care funding cost for retired employees totaled \$31,989. These amounts were applied toward the Net OPEB Benefit Obligation.

Annual Required Contributions. Assumption Parish Waterworks' Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The Annual Required Contribution (ARC) is the sum of the Normal Cost plus the contribution to amortize the Actuarial Accrued Liability (AAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post employment benefits. The total ARC for the fiscal year beginning August 1, 2010 is \$210,335, as set forth below:

	Medical
Normal Cost	95,530
30-year UAL amortization amount	114,805
Annual required contribution (ARC)	\$210,335

Net Post Employment Benefit Obligations (Asset). The table below shows Assumption Parish Waterworks' Net Other Post Employment Benefit (OPEB) Obligation (Asset) for fiscal year ending July 31, 2011:

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
July 31, 2011**

NOTE 1 – POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS - Continued

	Medical
Beginning Net OPEB Obligation (Asset) 8/1/2010	170,256
Annual required contribution	210,335
Interest on Net OPEB Obligation (Asset)	6810
ARC Adjustment	9846
OPEB Cost	207,299
Contribution	0
Current year retiree premium	-31,989
Change in Net OPEB Obligation	175,310
Ending Net OPEB Obligation (Asset) 7/31/11	345,566

The following table shows Assumption Parish Waterworks' annual post employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post employment benefits (PEB) liability (asset):

Post Employment Benefit	Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation (Asset)
Medical	July 31, 2011	\$207,299	15.43%	\$345,566

Funded Status and Funding Progress. In the fiscal year ending July 31, 2011, Assumption Parish Waterworks made no contributions to its post employment benefits plan. The plan was not funded at all, has no assets, and hence has a funded ratio of zero. As of July 31, 2011, the end of the fiscal year, the Actuarial Accrued Liability (AAL) was \$2,064,602, which is defined as that portion, as determined by a particular actuarial cost method (Assumption Parish Waterworks uses the Projected Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost. Since the plan was not funded in fiscal year 2010/2011, the entire actuarial liability of \$2,064,602 was unfunded.

	Medical
Actuarial Accrued Liability (AAL)	2,064,602
Actuarial Value of Plan Assets	0
Unfunded Act. Accrued Liability (UAAL)	2,064,602
Funded Ratio (Act. Val. Assets/AAL)	0%
Covered Payroll (Active plan members)	836,768
UAAL as a percentage of covered payroll	246.74%

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
July 31, 2011**

NOTE I – POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS – Continued

Actuarial Methods and Assumptions. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by Assumption Parish Waterworks and its employee plan members) at the time of the valuation and on the pattern of sharing costs between Assumption Parish Waterworks and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between Assumption Parish Waterworks and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

Actuarial Cost Method. The ARC is determined using the Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality, and turnover.

Actuarial Value of Plan Assets. Since this is the first actuarial valuation, there are not any assets. It is anticipated that in the future valuations a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45 will be used.

Turnover Rate. An age-related turnover scale based on actual experience as described by administrative staff has been used. The rates, when applied to the active employee census, produce an annual turnover of approximately 5%. The rates for each age are below:

Age	Percent Turnover
18 - 25	12.0%
26 - 40	8.0%
41 - 54	5.0%
55+	4.0%

Post employment Benefit Plan Eligibility Requirements. Based on past experience, the retirement (D.R.O.P. entry) schedule and the graded employer contribution percentage based on service, it has been assumed that entitlement to benefits will commence upon the end of the D.R.O.P. participation period, which has been assumed to be at the later of age 60 and completion of 15 years of service. Medical benefits are provided to employees upon actual retirement. Employees are covered by the Parochial Employees' Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 30 years of service at any age; age 55 and 25 years of service; age 60 and 10 years of service; or, age 65 and 7 years of service. For employees hired on and after July 1, 2007 retirement eligibility (D.R.O.P. entry) provisions are as follows: age 55 and 30 years of service; age 62 and 10 years of service; or, age 67 and 7 years of service. Eligibility for Assumption Parish Waterworks employees is as follows: age 55 and 30 years of service; age 60 and 10 years of service; or, age 65 and 7 years of service. Entitlement to benefits continue through Medicare to death.

Investment Return Assumption (Discount Rate). GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

NOTES TO FINANCIAL STATEMENTS

July 31, 2011

NOTE I – POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS - Continued

Since the ARC is not currently being funded and not expected to be funded in the near future, we have performed this valuation using a 4% annual investment return assumption.

Health Care Cost Trend Rate. The expected rate of increase in medical cost is based on projections performed by the Office of the Actuary at the Centers for Medicare & Medicaid Services as published in National Health Care Expenditures Projections: 2003 to 2013, Table 3: National Health Expenditures, Aggregate and per Capita Amounts, Percent Distribution and Average Annual Percent Change by Source of Funds: Selected Calendar Years 1990-2013, released in July, 2004 by the Health Care Financing Administration (www.cms.hhs.gov). "State and Local" rates for 2008 through 2013 from this report were used, with rates beyond 2013 graduated down to an ultimate annual rate of 5.0% for 2016 and later.

Mortality Rate. The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rate and 50% of the unloaded female mortality rates, was used. This is a published mortality table which was designed to be used in determining the value of accrued benefits in defined benefit pension plans.

Method of Determining Value of Benefits. The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer pays a percentage of the cost of the medical insurance for retirees and dependents based on service at retirement, as follows: 15 to 19 years, 30%; 20 to 29 years, 50%; and, 30 or more years, 75%. The rates provided applicable before age 65 are "blended" rates. Since GASB 45 mandates that "unblended" rates be used, we have estimated the "unblended" rates for retired before Medicare eligibility to be 130% of the blended rate.

NOTE J - DEFERRED COMPENSATION PLAN

Employees of the District may participate in the deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments).

The deferred compensation plan is available to all employees of the District. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

The deferred compensation plan is administered by the Public Employees Benefit Services Corporation (PEBSCO), an independent entity. All assets of the plan are reported at fair market value and are administered by an independent entity. As part of its fiduciary role, the District has an obligation of due care in selecting the third party administrator.

The deferred compensation plan laws and related plan provisions were amended so that the plan assets are no longer subject to the claims of the police jury creditors. The plan assets belong only to the employees and are held in trust for the employees' exclusive benefit. Therefore, GASB Statement 32 no longer requires the assets of the plan to be reported in the combined balance sheet as a fiduciary fund. This disclosure is being made for informational purposes only.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
July 31, 2011**

NOTE J - DEFERRED COMPENSATION PLAN – Continued

The following is a summary of activity in the fund for the year ended July 31, 2011:

Assets balance at August 1, 2010	\$ 177,046
Deferrals of compensation	18,673
Earnings	23,436
Withdrawals	(8,755)
Asset fees and others	(1,275)
Asset balance at July 31, 2011	<u>\$ 209,125</u>

NOTE K - ADDITIONAL BILLING AND COLLECTION

The District has entered into formal contracts with the Assumption Parish Police Jury, the Village of Napoleonville and the St. Martin, Back Marais, Aysenne, RDG Developers, Worldwide Environmental Solutions, Ridgeway Waste and Cypress Village whereby the District, as an agent, bills and collects for solid wastes services rendered by the Police Jury and the Village and the sewerage services rendered by the Village and the sewerage districts. The Police Jury, the Village of Napoleonville and St. Martin, Back Marais, Aysenne, RDG Developers, Worldwide Environmental Solutions, Ridgeway Waste and Cypress Village pay 5% of collections of charges to its residents.

NOTE L - SELF INSURANCE HEALTH PROGRAM

The District participates in a self-insurance health program for employees of the District and the Assumption Parish Police Jury. A third party administrator processes the claims and maintains records of the allowable costs, deductible costs, etc., with the activity of this program being reported in the District's Waterworks System expenses. The District and Police Jury share these expenses in proportion with the respective number of employees covered. Under the program, the District and Police Jury maintain a commercial insurance policy which pays all claims exceeding \$60,000 per year per person to \$1,000,000 per year. They also maintain an aggregate stop loss policy which will reimburse the program for period ended August 31, 2011.

NOTE M - SUPPLEMENTAL CASH FLOWS DISCLOSURE

During the year ended July 31, 2011, the enterprise fund paid \$101,136 in interest on certificates of indebtedness outstanding. No amounts were paid for income taxes as the District is a component unit of the Assumption Parish Police Jury and governmental agencies are exempt from federal and Louisiana income taxes.

NOTE N - LITIGATION

At July 31, 2011, there is pending litigation against the District. In the opinion of management, the ultimate liabilities, if any, resulting from such lawsuits and claims, will not materially affect the financial position of the District.

OTHER SUPPLEMENTARY INFORMATION

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Schedule 1

**OPERATING EXPENSES – WATERWORKS SYSTEM
Year Ended July 31, 2011**

Waterworks System Expenses:

Purification and plant expenses:

Salaries, plant personnel	\$ 302,159
Payroll Taxes	20,310
Chemicals and purification supplies	179,776
Disability insurance	3,453
Maintenance and repairs of plant	66,252
Other purification expenses	63,976
Retirement plan	30,112
Travel and education	7,313
Utilities	166,153
Telemetrying	6,488

Total purification and plant expenses	845,992
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Distribution, operation and maintenance expenses:

Salaries	253,724
Payroll Taxes	18,265
Disability insurance	2,902
Repairs and maintenance	31,847
Retirement plan	25,386
Service materials	32,897
Supplies and expenses, meter readers	1,772
Telemetrying	2,705
Transportation expenses	34,516
Travel and education	3,618
Utilities	20,853
Water user fee	32,282

Total distribution, operation and maintenance expenses	460,767
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Total waterworks system expenses	\$ 1,306,759
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**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Schedule 1

**OPERATING EXPENSES – WATERWORKS SYSTEM - CONTINUED
Year Ended July 31, 2011**

Office, general and administrative expenses:

Salaries	\$ 319,400
Stationary and office supplies	57,948
Collection expenses	6,791
Communication expense	10,817
Payroll taxes	21,488
Group insurance	507,838
Insurance	147,449
Substance Abuse Testing	707
Rent of Police Jury, equity in system	6,360
Professional services, legal and accounting	10,080
Professional services, engineering	20,400
Transportation expense	1,649
Travel and education expenses	12,663
Per diem paid to board member	9,780
Retirement plan	30,037
OPEB	175,310
Other expenses	996
Uncollectible accounts	20,014
Uniform reimbursements	2,128
Unemployment compensation insurance	3,310
Maintenance & Repairs	10,889
Dues and Fees	5,748
Deposit Delivery Charge	4,280
Bank charges	196

Total office, general and administrative expenses

\$ 1,386,278

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Schedule 2

**ENTERPRISE FUND – WATERWORKS SYSTEM
SCHEDULE OF CHANGES IN ASSETS RESTRICTED FOR REVENUE BOND DEBT SERVICE
Year Ended July 31, 2011**

	<u>Waterworks Utility Revenue Bond and Interest Sinking Fund</u>
Cash and investments at beginning of year	\$ 290,948
Increase in cash and investments:	
Transfers from other accounts	462,384
Interest earned	<u>350</u>
Total cash available	753,682
Decrease in cash and investments	
Principal payment	350,000
Interest payments	104,610
Other payments	-
Transfers to other accounts	<u>395</u>
Total decreases	<u>455,005</u>
Cash and Investments at end of year	<u><u>\$ 298,677</u></u>

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Schedule 3

METERED WATER CUSTOMERS

July 31, 2011

(Unaudited)

At July 31, 2011, the District had 9,945 metered customers as set forth in the District's internal reports.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Schedule 4

**BOARD OF COMMISSIONERS - PER DIEM
Year Ended July 31, 2011**

<u>Board Members</u>	<u>Number of Meetings</u>	<u>Per Diem</u>
Alida Melancon	7	420
Donna K. Robertson	15	900
Bryan Dugas	17	1,020
Vincent Nelson	17	1,020
Scott Sternfels	13	780
Dennis Cavalier	12	720
Calvin Steward	17	1,020
Bryan Baldwin	14	840
Jessie Landry, Jr.	13	780
Crawford Landry	15	900
Glen Comeaux	16	960
Paul Lewis	6	360
Charles Brown, Jr.	1	60
		<u>\$ 9,780</u>

**SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS AND
OTHER SCHEDULES REQUIRED BY GOVERNMENT AUDITING
STANDARDS**

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Schedule 5

**SCHEDULE OF FINDINGS & RESPONSES
For the Year Ended July 31, 2011**

A. Summary of Audit Results

- The auditor's report expresses an unqualified opinion on the basic financial statements of the Waterworks District No. 1 of the Parish of Assumption, State of Louisiana.
- There was one significant deficiency in internal control disclosed during the audit of the basic financial statements that was required to be reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards. (See 2011-1 in Part B of this schedule)
- The results of our tests disclosed no instances of noncompliance material to the basic financial statements which were required to be reported in the Report on Internal Control and on Compliance and Other Matters over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Governmental Auditing Standards.

B. Findings-Financial Statement Audit

2011-1 FINANCIAL STATEMENTS SUBMITTED NOT IN ACCORDANCE WITH GAAP

The accounting personnel does not possess the necessary skills to prepare financial statements that include note disclosures that are required by Generally Accepted Accounting Principles.

Due to the costs of correcting this outweighing the benefits derived, the District has opted to outsource the drafting of the note disclosures to the auditor.

Management concurs with this finding and the recommendation will be implemented immediately.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Schedule 6

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended July 31, 2011**

A. Financial Statement Audit

INTERNAL CONTROL FINDINGS

2010-1 FINANCIAL STATEMENTS SUBMITTED NOT IN ACORDANCE WITH GAAP

Condition: The accounting personnel does not possess the necessary skills to prepare financial statements that include note disclosures that are required by Generally Accepted Accounting Principles.

Current Status: The finding still exists due to the costs of correcting this outweighing the benefits derived, the District has opted to outsource the drafting of the note disclosures to the auditors. (See Current Finding 2011-1)

Assumption Parish Waterworks District No. 1

4633 HIGHWAY 1

P. O. DRAWER 575

NAPOLEONVILLE, LOUISIANA

70390-0575

Telephone: (985) 369-6156

1-800-856-5731

Fax: (985) 369-7878

Schedule 7

Corrective Action Plan for Current Year Audit Findings For the Year Ended July 31, 2011

<u>Ref No. *</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name(s) of Contact Person(s) **</u>	<u>Anticipated Completion Date</u>
2011-1	Financial Statements Submitted Not in Accordance with GAAP	Not feasible at this time	B.J. Francis, Jr. Lucille Guillot	N/A

The above corrective action plan addresses the auditor's current year findings. If you need additional information concerning the corrective action plan, please feel free to contact us.



B.J. Francis, Jr., General Manager

* Reference number the auditor assigns to the audit finding.

** Name(s) of contact person(s) responsible for corrective action.

Waguespack & Gallagher, LLC

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS ADVISORS

Michael J. Waguespack, CPA, PC

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Elaine T. Waguespack, CPA

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Assumption Parish Waterworks District No. 1
Napoleonville, Louisiana

We have audited the financial statements of the business type activities and the major fund of the Assumption Parish Waterworks District No. 1 (the District), a component unit of Assumption Parish Police Jury, as of and for the year ended July 31, 2011, which comprise the District's basic financial statements and have issued our report thereon dated December 28, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and Louisiana Governmental Audit Guide.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses to be a material weakness. (2011-1)

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses to be a significant deficiency. (2011-1)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The District's response to the findings in our audit is described in the accompanying schedule of findings and responses. We did not audit the District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the management of the District's office and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Waggoner & Gallagher, LLC
December 28, 2011